

Message Text

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SUBJECT: RESEARCH UPDATE - HOTEL & RESTAURANT EQUIPMENT MARKETS IN
TAIWAN

REF: A) USDOC 00275; B) TAIPEI A-241 OF 12/75
C) HOTEL & RESTAURANT EQUIPMENT MARKETS IN TAIWAN,
SEPTEMBER 1974

INTRODUCTION: AS FOREIGN EXCHANGE EARNER, TOURISM IS CONSIDERED
"INDUSTRY WITHOUT SMOKESTACKS" IN REPUBLIC OF CHINA. MORE THAN \$359
MILLION IN TOURIST RECEIPTS WERE EARNED IN 1975. ALTHOUGH SLOWED BY
EFFECTS OF WORLD-WIDE RECESSION, ACTIVE PLANNING FOR HOTEL AND
RESTAURANT EXPANSION AND CONSTRUCTION HAS RESUMED. EQUIPMENT
PURCHASES WILL INCLUDE IMPORTED ITEMS. IN CERTAIN CATEGORIES,
LOCALLY-MADE PRODUCTS ARE CONSIDERED TOO SLOW, OF INADEQUATE
CAPACITY, UNSATISFACTORY QUALITY, OR OTHERWISE LESS EFFICIENT THAN
US-MADE ITEMS. LIKEWISE, JAPANESE-MADE PRODUCTS ARE OFTEN TERMED
OF LESSER QUALITY. LOCAL HOTEL AND RESTAURANT EQUIPMENT BUYERS,
HOWEVER, ARE EXCEEDINGLY PRICE CONSCIOUS. EXHIBITION SHOULD
INCLUDE WIDEST POSSIBLE VARIETY OF SUBJECT EQUIPMENT,
EXHIBITED BY US SUPPLIERS OF MODERATELY-PRICED ITEMS,
NOT MOST EXPENSIVE.

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1. INFORMATION REPORTED IN SEPTEMBER 197(CCIS STUDY OF
TAIWAN MARKET FOR HOTEL AND RESTAURANT EQUIPMENT MAY BE CONSIDERED
STILL VALID UNLESS QUALIFIED OR REVISED BELOW.

2. SUMMARY AND RECOMMENDATIONS:

PAGE 6, PARA 2: VENDING AND AUTOMATIC MERCHANDIZING EQUIPMENT

SHOULD BE EXCLUDED FROM EXHIBITION. MARKET IS NEGLIGIBLE.
DATA ON THIS CATEGORY THROUGHOUT STUDY SHOULD BE DISREGARDED.

3. PAGE 6, PARAS 3 AND 4: AS OF OCTOBER 31, 1976, TAIWAN HAD 95 HOTELS CLASSIFIED TOURIST OR INTERNATIONAL TOURIST STANDARD -- 74 OF TOURIST AND 21 OF INTERNATIONAL TOURIST STANDARD. TOURISTS NUMBERED 1,008,126 IN 1976. OF "FOREIGN" TOURISTS (NON-OVERSEAS CHINESE), 516,449 WERE FROM JAPAN; 137,488 FROM U.S.; 50,118 FROM EUROPE; 18,050 FROM OCEANIA; 115,359 FROM ASIA. BECAUSE WESTERN TOURIST ACCOUNT FOR SMALLER PERCENTAGE OF TOTAL THAN ASIA, PARTICULARLY JAPANESE, MANY LOCAL HOTELS AND RESTAURANTS TEND TO CATER TO JAPANESE TASTES IN EATING AND DRINKING. THEREFORE U.S.- ORIGIN EQUIPMENT THAT IS NOT COMPATIBLE HAS SOMEWHAT LESSER SALES POTENTIAL.

4. PAGE 6, ITEM 1, FOOD PREPARATION AND SERVICE EQUIPMENT: GROWING NUMBERS OF LOCAL PEOPLE ARE BEING EXPOSED TO WESTERN FOOD AND WAYS OF SERVING IT. INCREASING NUMBERS OF COFFEE SHOPS AND RESTAURANTS ARE OPENING WHICH SERVE WESTERN FOOD IN WESTERN MANNER AMIDST WESTERN-STYLE DECOR. EUROPEAN FOOD HAS APPEARED ON LOCAL SCENE. AMERICAN-STYLE STEAKS ARE VERY POPULAR. EVEN AMONG THOSE RESTAURANTS SERVING CHINESE FOOD EXCLUSIVELY, IN ORDER TO COMPETE, MANY ARE ADOPTING MORE FORMAL WESTERN STYLES IN SERVICE AND DECOR. IN ADDITION, ALL LARGE HOTELS OFFER WESTERN FOOD IN ADDITION TO CHINESE AND OTHERS. ITEMS IN THIS CATEGORY WHICH HAVE VERSATILITY TO BE USED IN PREPARATION AND SERVICE OF ANY TYPE FOOD WILL OF COURSE HAVE BEST SALES POTENTIAL. COMMERCIAL FREEZING AND REFRIGERATION EQUIPMENT
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IS AMONG THAT WITH BEST PROSPECTS. BAKING MACHINES HAVE GOOD PROSPECTS. BAKERIES HAVE PROLIFERATED IN LAST FEW YEARS. SNACK-FOOD EQUIPMENT SHOULD NOT BE INCLUDED
PAGE 7, LINES 9-11; COMMERCIAL FREEZING AND REFRIGERATION EQUIPMENT MAY BE IMPORTED FROM EUROPE OR USA.

5. PAGE 8, ITEM 3, CLEANING, MAINTENANCE AND SANITATION EQUIPMENT: NON-SKILLED WORKERS NOW EARN ABOUT US\$105-182 PER MONTH. RISING WAGES AND NEED TO INCREASE EFFICIENCY CONTRIBUTE TO SALES PROSPECTS IN THIS CATEGORY.

6. PAGE 9, ITEM 4, FURNITURE AND DECOR: EXCEPTIONS IN THIS CATEGORY ARE ENTERTAINMENT FACILITIES AND WALL COVERINGS.

7. PAGE 11, ITEM 4: TO LIST OF ADMINISTRATIVE SERVICES EQUIPMENT ADD DATA PROCESSING AND COMMUNICATIONS EQUIPMENT.

8. PAGE 12: TO LIST OF CLEANING, MAINTENANCE AND SANITATION EQUIPMENT ADD DEHUMIDIFIERS AND WATER COOLERS, SOFTENERS

AND PURIFIERS. ITEMS IN SECURITY AND SAFETY EQUIPMENT
FIELD, EXCEPT FOR LESS SOPHISTICATED ALARM SYSTEMS,
SHOULD BE CONSIDERD PROSPECTS FOR UPCOMING EXHIBITION.

9. INDUSTRY CONTACTS HAVE INDICATED FOLLOWING PRODUCTS SHOULD
BE INCLUDED IN EXHIBITION:

FOOD & BEVERAGE SERVICE SYSTEMS AND EQUIPMENT AND
KITCHENWARE, INCLUDING OVENS AND FREEZING AND
REFRIGERATING EQUIPMENT AND ICE-MAKING, COFFEE-
MAKING AND JUICE-MAKING MACHINES
FRONT DESK SYSTEMS
MINI-COMPUTERS
ACCOUNTING MACHINES
ELEVATORS
AIRCONDITIONING SYSTEMS
PLUMBING AND SANITARY SYSTEMS, INCLUDING BATHROOM
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FURNISHINGS AND FAWCETTS
BLOWERS FOR DRYING HANDS
CLEANING EQUIPMENT (ALL TYPES)
LAUNDRY MACHINES, INCLUDING IRONS FOR SHEETS
POWER GENERATING SYSTEMS
SOUND SYSTEMS
SPECIAL ARCHITECTURAL MATERIALS
UNUSUAL INTERIOR FIXTURES AND DECORATIONS

(# NAMED AS OF INTEREST TO BUYER FOR CHINA INVESTMENT
AND TRUST CO. 350-ROOM LUXURY HOTEL. IF PRICE RIGHT,
ALSO INTERESTED IN TABLEWARE.
BUYER REPORTEDLY WILL DEFINITELY PURCHASE US-MADE
ELEVATORS SINCE HE CONSIDERS JAPANESE-MADE INADEQUATE.)

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10. PART ONE: PRODUCT ANALYSIS, I, STATISTICAL ANALYSIS:
PAGES 37 TO 48: FOLLOWING STATISTICS IN US\$000:

	1975	1976
1. FOOD PREPARATION & IMPORTS	25,977	24,650
SERVICE EQUIPMENT US SHARE	36.1 PERCENT	36.5 PERCENT
CONSUMPTION	145,832	150,460
2. ADMINISTRATIVE IMPORTS	14,226	12,927
SERVICE EQUIPMENT US SHARE	21.3 PERCENT	20.5 PERCENT
CONSUMPTION	40,445	38,253
3. CLEANING, MAINTENANCE IMPORTS	7,339	9,458
& SANITATION EQUIPMENT US SHARE	33.4 PERCENT	35.6 PERCENT
CONSUMPTION	58,107	65,153
4. FURNITURE AND DECOR IMPORTS	2,917	3,182
US-SHARE	121 PERCENT	10.7 PERCENT
CONSUMPTION	61,785	69,985
5. SECURITY & SAFETY IMPORTS	208	246
EQUIPMENT US SHARE	25.1 PERCENT	18.8 PERCENT
CONSUMPTION	3,128	3,769

BY 1979 TOTAL CONSUMPTION IS EXPECTED TO REACH \$402 MILLION,
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UP 22.7 PERCENT OVER 1976 LEVEL OF \$327.6 MILLION. CONSUMPTION
IN 1976 WAS 5.9 PERCENT GREATER THAN IN 1975. 1977 OVER 1976
SHOULD BE COMPARABLE, BUT CONSUMPTION IS EXPECTED TO GAIN
MOMENTUM TOWARD END OF DECADE.

11. PART ONE: PRODUCT ANALYSIS, II, OUTLOOK:
PAGES 51 TO 59: FOR ITEMS WITH HIGHEST SALES POTENTIAL AND
GOOD SALES POTENTIAL, SEE ALSO PARAS 4 THRU 9 AOBVE. PAGE 54,
PARA ONE: BECAUSE OF RISING LABOR COSTS AND NEED FOR GREATER
EFFICIENCY, LOCAL HOTELS MAY NOW BE INCLUDED AMONG END-USER
PROSPECTS FOR COMPUTERIZED SYSTEMS AND MICROFILM RECORDS
EQUIPMENT. RESTAURANTS, HOWEVER, SHOULD NOT BE.

12. PAGE 62, ITEM 2.A.; COMMODITY RAX IS NOT LEVIED ON ALL
IMPORTS BUT ON CERTAIN ITEMS ONLY. COUNTRY SPECIALIST

SHOULD CONSULT PUBLICATION ENTITLED "TAXATION IN REPUBLIC OF CHINA."

13. III, SPECIAL POINTS:

PAGE 65, LINES 1-3; SEE PARA 4 ABOVE.

PAGE 65, ITEM B.1.: SEE PARA 9 ABOVE.

PAGE 68, ITEM D.1.: ROC GOVERNMENT BAN ON BUILDINGS OVER FOUR STORIES WAS LIFTED IN NOVEMBER 1974. FOLLOWING THIS ACTION VERITABLE BUILDING BOOM COMMENCED.

14. ITEM D.2.: AT PRESENT 6,645 HOTEL ROOMS THROUGHOUT TAIWAN ARE CLASSIFIED TOURIST STANDARD, AND 4,868 CLASSIFIED INTERNATIONAL TOURIST STANDARD. PLANS FOR CONSTRUCTION AND EXPANSION ARE AS FOLLOWS:

NAME	LOCATION	ROOMS	STATUS
----	-----	-----	-----
SESAME	TAIPEI	204	OPEN 10/77
CHINA INVESTMENT AND TRUST CO.	TAIPEI	350#	APPROVED
MARSHALL	HUALIEN	334	IN PLANNING

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BUCKINGHAM	KAOHSIUNG	258	"
RETSETER/VACRS	HUALIEN	UNKNOWN	"
AMBASSADOR	KAOHSIUNG	UNKNOWN	"
SHERATON	TAIPEI	700	"
PRESIDENT	TAIPEI	PLUS 81	APPROVED
TUNG YANG	HUALIEN	PLUS 68	IN PLANNING
AN GWO	TAICHUNG	PLUS 80	"
YUN SHAO	TAOYUAN	PLUS 40	"
WAN TAI	CHIAYI	PLUS 67	"

LUXURY HOTEL

15. PAGE 69, ITEM D.4.: BECAUSE TAIWAN'S CITIES HAVE WIDE VARIETY AND GREAT NUMBER EXCELLENT RESTAURANTS, AND BECAUSE FEW LARGE CONFERENCES AND CONVENTIONS ARE HELD, HOTELS MAINLY PROVIDE SLEEPING ACCOMMODATIONS. COMPARATIVELY LESS EMPHASIS IS PLACED ON IN-HOTEL RESTAURANTS AND CONFERENCE ROOMS.

16. PAGE 71, ITEM E, SECURITY & SAFETY EQUIPMENT: ADD SPRINKLERS AND FIRE AND SMOKE DETECTION SYSTEMS TO LIST OF UTILIZED EQUIPMENT. FOR ASSESSMENT OF SALES OPPORTUNITIES SEE RATHER PP 92-93, I.E., U.S. PRODUCTS GENERALLY CONSIDERED OF SUPERIOR QUALITY.

17. PAGE 72, ITEM 4: PROJECTED AVERAGE ANNUAL GROWTH IN NUMBER TOURISTS IS 11.4 PERCENT OVER NEXT FOUR YEARS (1977-1980).

18. PAGE 73, NUMBER OF TOURISTS:

YEAR	TOTAL	GROWTH RATE
----	-----	-----
1974	819,821	NINAS 0.6 PERCENT
1975	853,140	PLUS 4.1 PERCENT
1976	1,008,126	PLUS 18.2 PERCENT

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YEAR	OVERSEAS CHINESE	FOREIGN
-----	-----	-----
1974	116,858	702,963
1975	137,510	715,630
1976	154,251	853,875

19. PAGE 74, PROJECTED NUMBER OF TOURISTS:

YEAR	NUMBER	GROWTH RATE
----	-----	-----
1977	1,083,000	12.4 PERCENT
1978	1,209,000	11.7 PERCENT
1979	1,432,000	11.0 PERCENT
1980	1,482,000	10.5 PERCENT
1981	1,629,000	9.9 PERCENT

20. PAGE 75, NUMBER OF HOTEL ROOMS:

INTERNATIONAL TOURIST STANDARD: TOTAL 4868; SUITES, 380;
 TWINS, 3029; DOUBLE 1459.
 TOURIST STANDARD: TOTAL 6645; SUITES, 355; TWINS, 2414;
 DOUBLES, 3816.

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21. PART TWO, II, END-USER SECTOR PROFILES:

PAGES 82-93: MUCH INFORMATION IN THIS SECTION HAS BEEN UPDATED
IN PARAGRAPHS ABOVE.

PAGE 82, LINES 10-12: MEASURES GOVERNING SANITARY FOOD PREPARATION
AND PROCESSING ARE NOW MUCH MORE SEVERE AND ENFORCEMENT MUCH MORE
STRICT. CENTRAL GOVERNMENT OFFICIALS REGULARLY INSPECT RESTAURANTS
AND, IF PREMISES DO NOT MEET STANDARDS, LEVY FIENS AND/OR
SUSPEND OPERATIONS UNTIL DEFICIENCIES ARE CORRECTED.

22. PAGE 84: SINO-JAPANESE AIR LINKS WERE RESUMED LATER IN
1974. TOTAL OF 438,911 JAPANESE VISITED TAIWAN IN 1974.
NATIONALITIES OF NON-OVERSEAS CHINESE TOURISTS IN 1974 AND
1975 INCLUDE:

	1974	1975
	----	----
JAPANESE	438,911	419,259
AMERICAN	117,191	123,550
EUROPEAN	35,321	42,806
OCEANIAN	11,521	14,251
ASIAN	70,960	87,752

FOR 1976 FIGURES SEE PARA 3 ABOVE.

23. APPENDIX I: TARIFF TABLES:
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ITEMS WITH FOLLOWING CUSTOMS TARIFF NUMBERS MAY BE
IMPORTED FROM EUROPE AND AMERICA ONLY: 6911(1), 6912(1),
7013(6), 8415(3), 8412, 7337(1,2), 5801(1), 5801(5), 5801(4),
7014(1). FOLLOWING ARE NEW RATES: 8419(2) NOW 25 PERCENT,
8415(1) AND 8415(3) NOW 45 PERCENT, 8412 NOE 45 PERCENT.

24. APPENDIX 88: ADD SESAME HOTEL, SHIHMEN DAM, TAOYUAN COUNTY.

25. ADDITIONAL INFORMATION:

A. 1971 CENSUS OF BUSINESS ESTABLISHMENTS REFERRED TO
THROUGHOUT 1974 STUDY IS CONDUCTED EVERY FIVE YEARS. 1976
CENSUS IS UNDERWAY, BUT IS ONLY IN PREPARATORY PHASE, SO NO

STATISTICS HAVE BEEN GATHERED TO DATE.

B. OCCUPANCY RATE IN LOCAL HOTELS; IN 1974 AND 1975
INTERNATIONAL TOURIST STANDARD HOTELS AVERAGED 77.8 PERCENT
AND 79.9 PERCENT OCCUPANCY. IN LATTER YEAR, RATE EXCEEDED 90
PERCENT IN TWO OF TWELVE MONTHS. TOURIST STANDARD AVERAGED 63.7
PERCENT AND 63.5 PERCENT.
FINAL FIGURES FOR 1976 NOT YET AVAILABLE, BUT TOURISM BUREAU
ESTIMATES OVERALL AVERAGE OF 80 PERCENT. FROM JANUARY-
NOVEMBER INTERNATIONAL TOURIST STANDARD IN TAIPEI AVERAGED 85
PERCENT.
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